

Portal Authority Board of Directors

MINUTES

Portal Authority Board of Directors Special Meeting

December 1, 2005

1:30 p.m. – 4:00 p.m.

Legislative Services Building

200 E. 14th Ave.

Hearing Room A, 1st Floor

Denver, CO

I. Call to Order: 1:40 p.m., Representative Cadman, Chair

A. Roll Call

Attendees: Arrowsmith, Cadman, Cooke, Dennis, Feingold, Jenik, Marroney, May, Wells, Williams, T.

Excused: Picanso, Sobanet

Absent: Groff

Notes transcribed by Angie Onorofskie, Statewide Internet Portal Authority

Quorum Established.

B. Introduction of Audience

C. Introduction of SIPA Executive Director, Don Ravenscroft

Representative Cadman, Chair of the SIPA Board and Personnel Committee welcomed Don Ravenscroft as the new SIPA Executive Director.

Don Ravenscroft thanked the SIPA Board for the opportunity as well as Gregg Rippy for building a strong foundation for SIPA.

*Chairman Cadman noted that the meeting would be run out of the order set by the agenda.

II. Approval of November 3, 2005 Minutes

The approval of the November 3, 2005 Minutes was postponed until the January meeting, as the Board did not have enough time to review them prior to the meeting.

III. Committee Reports

A. Business Committee, Michael Cooke

Michael Cooke, Chair of the Business Committee, stated that the Business Committee report would occur during New Business.

B. Contracts Committee, Richard Westfall

Richard Westfall, SIPA Legal Counsel, reported that the Contracts Committee continues to work on finalizing the EGE Agreement with the Department of Revenue. Richard Westfall stated that there are a couple of small issues to be worked out, but the EGE Agreement is very close to completion. Richard Westfall stated that he would like to discuss the powers and duties of SIPA as an authority during executive session, which constitutes as attorney- client privilege matters.

C. Finance Committee, Henry Sobanet

Henry Sobanet, Chair of the Finance Committee, was not present at the meeting to report. However, the Business and Finance Committees met in a joint meeting, and therefore the Finance Committee report would be included with the Business Committee report during New Business.

D. Personnel Committee, Representative Cadman

No report.

IV. New Business

A. Executive Director's Update, Don Ravenscroft

Don Ravenscroft thanked Gregg Rippy for all of his hard work in getting SIPA up and running to this point. Don provided the following report:

Budget

- Start –up costs were outlined and submitted to Henry Sobanet, and the office is currently getting up to speed.
- Now that revenues from the sale of bulk records are flowing to CI, accounts will be set up for SIPA's share of the revenues. The revenue-share number is currently blank. The Business and Finance Committees met to discuss an appropriate revenue share number, and negotiations will take place with CI.
- Both SIPA employees are now officially on the CHFA payroll.

Projects

- An important application should be added to the queue – the use of the payment engine in counties.

Past Month Activities

- Meetings:
 - Met with or scheduled to meet with all Board members by the end of the month.
 - Security overview discussion with Mark Weatherford – agreement on general approach to security. Looking forward to developing a good relationship, as security is very important.
 - SysTest – overview of current and potential activities.
 - Attended the CIMA Conference – met with many people.
 - Will be attending the December CIO Forum meeting.
- Business Plan Review and Approval:
 - The SysTest comments have been received and distributed, but no comments from Board members have been received to date.
 - Recommend that the Board deliver the comments by December 15, 2005, if possible. Then comments can be dispositioned according to the most important issues, and the executive director can come up with a recommendation for approval by the January meeting.
- EGE Agreement:
 - The EGE is close to recommendation for approval.
 - There are a couple of issues that will be discussed during executive session.
- SIPA Office:
 - The SIPA office move has been put on hold for the moment, as the cost is under consideration.
- Signed SysTest Task Order II Extension:
 - Requires no additional costs.
 - Allows delivery of Final Report of the IABP and agreed upon procedures.
- Working with Henry Sobanet and CI to finalize a list of applications that Governor Owens can include in helping advertise for next year.

Treasury Fee Proposal Request (FPR) – Credit Card Transactions

Don Ravenscroft deferred to Richard Westfall, SIPA Legal Counsel, for the discussion. Richard Westfall stated that he concluded that there were a couple of role issues in the FPR regarding SIPA and Treasury. Ben Stein, Deputy Treasurer, explained in a meeting with Don Ravenscroft and Richard Westfall the objectives for going forward with the FPR for the Credit Card processing. Richard would ask that the Chair of the Board allow Ben Stein to speak before the Board regarding the issues.

Chairman Cadman invited Ben Stein to share comments with the Board.

Ben Stein thanked the Board for the opportunity to speak. Ben Stein explained that the State of Colorado currently has a Master Credit Card Agreement, and the agreement has been extended rather than going out for

bid because Treasury anticipated utilizing the portal payment engine. Ben Stein went on to explain that CI has an existing agreement with Bank of America (based on usage volume). Based on the current timeline, usage of the online payment engine may turn out to be small. In the long term, hopefully the portal will be able to drive more volume to online credit card transactions rather than phone, mail and, over-the-counter transactions. Ben Stein stated that he believes we can reach the overall goal of offering the best value to citizens by seeking a package from a vendor that includes: phone, over-the-counter, mail, or online credit card transaction processing. Since it will be unknown at first how much volume can be expected for online credit card processing through the portal, there will still be a known amount of revenue flowing from the other transaction mediums. During the transition time, the goal is to get the best package for all citizens whether or not they choose to use the portal and make online credit card transactions. Treasury viewed the FPR as a big picture and tried to draft the FPR so that it would attract the best package offering from vendors. Due to the tight timeline, Treasury limited the FPR to three vendors to move the process quickly. Two of the three vendors currently have contracts with the state, and one vendor has a contract with CI. Ben Stein noted that CI has a very attractive price for the online transactions, but public scrutiny says you should exercise due diligence through the competitive process. Treasury is not subject to procurement code. Ben Stein explained that there would be two contracts separately negotiated.

Discussion:

Chairman Cadman thanked Ben Stein, and he agreed that the goal is to provide the best package for citizens. He thanked Ben Stein and Treasury for their collaboration efforts.

Jeff Wells asked Ben Stein to define attractive pricing as a global phrase.

Ben Stein stated that the vendors would have to fill out eleven different tables. The volume will have to be determined on each different kind of transaction to conclude the best overall package value.

Jeff Wells asked if it would be driven by dollars or number of transactions.

Ben Stein stated that it depends because it is a combination of both, and the evaluation will not be simplistic. The current volumes of non-portal transactions are presented in the FPR, and the online portal transactions will be determined by an educated guess.

Jack Arrowsmith stated that what Ben Stein was saying makes sense. He asked what the timeframe was for the process.

Ben Stein stated that Treasury hopes to have a contract by January 1, 2006.

Jack Arrowsmith stated that municipalities and counties are authorized to use the State's master credit card agreement. He asked how much volume the counties and municipalities produce.

Ben Stein deferred to Doug Weins.

Doug Weins stated that the local government has produced more volume than the state.

Jack Arrowsmith asked if the FPR would be put in danger if SIPA thinks that CI's current agreement is better.

Ben Stein stated that it wouldn't be in danger; rather it would be dead on arrival because the FPR is a package deal. The state would have to generate a new FPR because state agencies use the master credit card agreement for mail, phone, over-the-counter, and online transactions. If SIPA and the state had separate agreements, then state agencies may have to work with more than one credit card processor. Ben Stein stated that this FPR calls for a one-bid, two-contract agreement. One contract would be for portal transactions and the other would be for phone, mail, and over-the-counter transactions.

Senator May asked if it is known how many agencies have more than one credit card agreement.

Ben Stein stated that state agencies are mandated to use the master credit card agreement. The only exception is those agencies that already had an agreement in place when the legislation was approved.

Senator May asked how many agencies have their own credit card agreements. He also asked what kinds of protections the system would provide.

Ben Stein stated that the master credit card agreement is about the processing of transactions. If agencies are setting up their own interface to the system, Treasury doesn't provide the security. Security is up to the agencies. At this time, over-the-counter, mail, and phone credit card transactions carry a lower risk. Agencies have to make sure that online credit card transactions are not intercepted. Treasury provides the payment engine only.

Chairman Cadman thanked Ben Stein for his presentation. Chairman Cadman summarized that this would either be a win/win or lose/lose situation. If this isn't worked out, citizens could end up paying more.

Ben Stein stated that the goal is to make it a complete win/win situation for citizens. One way of processing transactions may be more or less expensive than another. Treasury is looking at the big picture.

Doug Weins added that Treasury has requested responses from vendors by next Tuesday. If SIPA has any changes, let Treasury know and they can notify the vendors.

Don Ravenscroft resumed with his update.

New Business

The SIPA budget is formulated, but the next step has not yet been determined.

Discussion:

Chairman Cadman recommended submitting the budget to the Finance Committee, and if agreed, the Finance Committee would then recommend it to the Board for approval.

Senator May stated that the eRoom was closed. He asked what would happen if SIPA needs to get those documents.

Don Ravenscroft stated that SIPA has all of the documents on CD.

Chairman Cadman reverted back to the original question about what to do regarding the budget. He added that perhaps the Personnel Committee should also review the budget since it includes personnel issues.

Bob Feingold recommended a joint meeting rather than creating separate stovepipes between the committees.

Senator May stated that an Annual Report is due to the General Assembly, and he asked where SIPA was in the process.

Gregg Rippy stated that he and Angie Onorofskie would get the Annual Report to the Board within the next couple of weeks. Since Don Ravenscroft has only been on the job for about a month, it would be unfair to ask him to create the annual report.

Chairman Cadman recommended that the Annual Report be sent to Don Ravenscroft as well as the Board.

Upcoming Actions

- Recommendation for Business Plan
- Finalize account proposal letter and create accounts
- Final negotiations with CI for revenue share
- Annual Report

Discussion:

Chairman Cadman stated that any comments that the Board has regarding the business plan should be sent to businessplan@coloradointeractive.org

Senator May stated that if SIPA has to give a report, perhaps it would be a good idea to make a presentation to the General Assembly alongside CI in the old Senate Chambers.

Chairman Cadman stated that it's a great idea, but he's not sure if any one would attend.

Greg Jenik asked Senator May if he feels the presentation would be better received now or after services are rolled out.

Senator May said he would be fine either way.

B. Business Committee Report, Michael Cooke

Revenue Share

Michael Cooke, Chair of the Business Committee, reported that a joint meeting occurred between the Business and Finance Committees. The purpose of the meeting was to discuss the self-funded model and an appropriate revenue share amount. The joint committees came to a consensus, and a meeting with NIC is to follow.

Discussion:

Chairman Cadman asked what the timeframe was for coming to a final agreement. He also asked if the Board would have to approve the final number.

Michael Cooke stated that the committees would be prepared to recommend a solution to the Board at the January Board meeting.

Don Ravenscroft stated that it would be most beneficial to complete the negotiations in mid-December and have the Board approve the revenue share at the January meeting.

Richard Westfall, SIPA Legal Counsel, stated that approval of the revenue share number is an essential function of the SIPA Board of Directors.

Web Content Management

Michael Cooke reported that the Business Committee met with CI to discuss the proposed Web content management solution – Fatwire. The Business Committee had questions about the willingness and readiness of agencies, and the committee asked CI to research the agencies. CI ascertained that there is a desire for a Web content management solution, and there is not a significant investment among state agencies.

The Business Committee then directed CI to prepare a task order, during which time another company contacted CI and said they could reduce the cost significantly. CI met with the other company three times to learn more about their solution and then evaluated their learnings against the Fatwire proposal. CI determined that Fatwire was still the best solution for the desired needs. While the base cost for the other solution was lower, other unknown fees were attached.

The task order has been sent to the Business Committee, and most members are happy with the document or their questions have been answered. As the Chair of the Business Committee, Michael Cooke recommended that the Board of Directors should authorize the SIPA Executive Director to sign the Web Content Management Task Order after questions are answered an input is gathered. It is important to do this before the January meeting because Fatwire's proposed price is only valid through December 20, 2005.

Discussion:

Jeff Wells asked what a Web content management system was.

Michael Cooke deferred to CI for a better description.

John Thomas, Colorado Interactive Director of eGovernment Services, explained that a Web content management system is a system that allows employees without technical experience to make real-time changes to a website quickly and easily.

Jeff Wells confirmed that if he wanted to update picture on a Website, he could do that quickly.

John Thomas affirmed that he could do that if he was an authorized user.

Michael Cooke added that all agencies that choose to use the Web content management system would receive training.

John Thomas added that after researching the departments, CI found that four agencies are using some kind of content management solution. One agency has a

very robust system, one agency is using a smaller version of content management, and one agency is using a full-blown system that is very expensive. There are other agencies that might look at using small tools of the content management system because they don't necessarily want all of their employees to utilize the Web content management. John stated that for the proposed use of the Web content management system, there was interest in each agency. Greg Jenik asked if there are limitations for simultaneous users of the system.

Mark Church, CI Director of Development, stated that there are no limitations on simultaneous users. The system can support 400 simultaneous users at one time.

MOTION: to approve the Web Content Management Task Order, subject to final approval of the Board Chair and signed by the Executive Director.

Cooke/ Jenik

Motion withdrawn.

MOTION: to approve the Web Content Management Task Order, subject to final approval of the Business Committee Chair and signed by the Executive Director

Cadman/ Wells

APPROVED UNANIMOUSLY

ACTION ITEM: Colorado Interactive will finalize the Task Order based on input from the Business Committee, and submit it to the Chair of the Business Committee for final approval. The Executive Director will then sign the Task Order.

C. Colorado Interactive Update, Rich Olsen

Rich Olsen, General Manager of Colorado Interactive, presented the Board with the monthly General Manager's Report. He stated that it is very exciting that the General Manager's report actually has deliverables included. As an aside, Rich Olsen added that CI doesn't make any money on implementing the Web content management system. It is simply a pass - through cost. The Web content management system will allow agencies to maintain their websites, and it will be combined with the common look and feel standards for colorado.gov. CI was able to take a very objective approach at evaluating Web content management solutions.

Rich Olsen introduced Chris Neff from NIC Corporate. Christ Neff is responsible for marketing and investor relation efforts. Chris Neff has worked with all states to make sure that they are successful, including the very young portals. Chris Neff assures that the young portals get off to a good start.

Chairman Cadman welcomed Chris Neff who would present later in the meeting.

General Manager's Report

Rich Olsen stated that in designing his General Manager's report, he utilized the best aspects of each state's GM report.

Rich Olsen described the report to the Board section by section.

- **This Period in Review**

This section provides an executive summary and project highlights.

- **Project Report**

The project report section shows a visual of projects in the queue. At any time, it will be visible what the new services are during the period and what CI is working on. There are four different project stages outlined in the project report including: new services this period, existing services, in development, and in planning and consideration.

There is one application that is not listed, which is the payment engine with COFRS integration. The Mouty group has been subcontracted to work on the COFRS integration, and this is expected to rollout in March. The payment engine without COFRS integration is expected to rollout in February. Counties and agencies that do not need the integration will be able to take advantage of the engine at that time. In regards to the Treasury RFP concerning credit card fees, CI's biggest concern was time. However, Treasury has been very good about timeliness. Rich Olsen stated that he thought the contract should be with CI because they are a separate entity removed from TABOR. Then the processors can do customer service without asking permission.

- **Portal Metrics**

This section includes access to Colorado.gov and a three-year historical graph. Rich Olsen stated that this section is weak because CI is relying on statistics from the current Web page. This will change after Colorado.gov is moved to the new services, and services metrics will also be included in the future.

- **Financial Report**

This section includes a Consolidated Financial Report, a Consolidated Balance Sheet, and Gross Revenue by Service. In the early stages, this section is the most important besides the projects themselves. While there is a Consolidated Balance Sheet included, the Board is probably more interested in the Consolidated Financial Report.

Rich Olsen pointed out that October was the first month in which the portal received funding, and the outcome was better than expected. After

more revenue generating services are added, the specific sources of revenue will be evident.

Discussion:

Jack Arrowsmith asked what is meant by “cost of revenues” in the Consolidated Financial Report.

Rich Olsen stated that the cost of revenue is two parts. There is the \$100,000 that goes to DOR, but it actually goes to HUTF. Another cost of revenue could be credit card fees.

Rich Olsen added that the SIPA Revenue Share (estimated) is based on Gregg Rippey’s original budget, and Gross Profit is money left over. Operating expenses are losses or gain. Next year going forward will be different. Year- to -date, money was lost because revenue wasn’t there. However, it should be positive next month, as the numbers are very strong so far. SIPA’s needs should be taken care of as well as CI’s.

Jeff Wells asked Rich to go back to page 4. He pointed out that some services are in development after in planning.

Rich Olsen stated that in development means active engagements with departments. For example, the shopping cart application could be ready by February 2006, but there isn’t a department that wants to use it at this point. The applications in development are those that will be developed for sure.

DOR should move ahead this month.

Discussion:

Senator May asked where CI stands with the migration of Colorado.gov.

Rich Olsen answered that all of the equipment is in the datacenter, and there are eight more wires that need to be hooked up. Several people from other portals have helped with software, testing, and security. Colorado.gov will be on the new servers by next year. Things are going very well.

Rich Olsen also pointed out that the CI staff has grown now that resources have been flowing. They have hired a systems administrator from Boulder, and a project manager from the Arkansas portal. Rich added that there is more experience in this portal than any of the other portals have ever had. They will be getting a developer from Indiana, and they are in the process of looking for a designer.

- **Appendices**

Appendix A: Marketing Activity is coming soon.

Appendix B: The Project Catalogue section gives an explanation of each service.

Jeff Wells pointed out that amusement licenses are actually a CDLE service.

CI will be sure to update that.

Appendix C: This includes all of the key staff contact information.

Appendix D: The last item is the Project Cost. The project cost shows the number of hours and the rate, and CI is very average for Colorado. The rates are \$85 per hour for tech work and \$65 per hour for management. Under Bulk MVR Records, the \$43,753 listed is not what the state pays. It just shows the value of resources given. For example, after 4 years in Montana, 1.2 million dollars of resources were given to the state. This is done in order to quantify the value – it is all part of the self-funded model.

Discussion:

Jack Arrowsmith stated that, for the record, it makes sense that CI is bringing staff from other states. However, he stated that he hopes CI will hire some more in-state personnel as there is a lot of talent within Colorado. Also, Jack stated that he hopes to see more local government applications.

Greg Jenik asked if applications like off-road vehicle registration and state park passes would be grouped together.

Rich Olsen stated that cross-boundary applications are very good, but they are a little premature at this point. In regards to interactive driving records, for example, the Department of Revenue (DOR) would like to offer to offer the service to insurance companies. Secretary of State would like to use the same database if someone forgets his or her license at the polling place. The tax portal is starting with DOR and included in that would be income tax, sales tax and several others. The vision is to get citizens to go to one application and be able to accomplish several other things.

Senator May stated that the police could utilize drivers' records.

Michael Cooke stated that at some point that might be realistic. Eventually, we want anyone who wants to get drivers records to be able to get them. We could interface with police, departments, schools, etc. Furthermore, we will know who

accessed the data, what data was accessed, and when the data was retrieved. Michael Cooke stated that she is very excited about that.

Senator May stated that he met with vehicle dealers and they are excited about vehicle registration.

Michael Cooke stated that CSTARS would interface county clerks with vehicle registration. It is a joint project between CI and DOR.

Don Ravenscroft stated that it is important to keep in mind that it is necessary to be careful about the portal supporting operational demands of entities. If they rely on the portal to be able to do their jobs, it would change the entire make-up of what we are doing. It is very expensive and risky thing to do.

Michael Cooke stated that the information Don Ravenscroft is talking about goes through the communication center. They were simply talking about basic access.

Portal Marketing, Chris Neff

Chris Neff, who was introduced earlier in the meeting, stated that he was going to quickly talk about marketing portals. He stated that his main concern is to make sure that portals are as successful as possible. He works with local areas, and government agencies to make sure that the queue is as robust as possible. The fundamental picture is not Colorado.gov as a whole; it is rather the specific services that make up Colorado.gov. It is very exciting to get in on the ground floor, especially since Colorado is very tech savvy. Chris Neff is also excited about marketing Colorado at a national level, and positioning Colorado as a state that helps their citizens. The media is also very interested in what states do what technology, and NIC markets the successes of other portals. Chris Neff gave an example of a story that was featured about a photographer from Rhode Island. The article showed how the portal made the photographer's life easier. Chris Neff added that he will be back regularly to Colorado.

Discussion:

Jeff Wells asked when Chris Neff visits various states, what product lines seem to drive the most interest.

Chris Neff answered that it really depends on the states. Secretary of State suites, and Department of Revenue tax services are very popular. In Iowa, all 99 county treasurers are online collecting taxes – it is very popular. Vehicle and off-road vehicle registration is also very popular. Cross - boundary applications with business is also very popular. Utah integrated the business registration process with the IRS. It cuts off many hours, especially since Utah is a huge incubator for new business.

The Board thanked Chris Neff for his time.

Discussion:

Greg Jenik asked what the lead-time was necessary in order to get Fatwire.

Mark Church stated that it takes about two weeks to set up the hardware and about one day for the software.

John Thomas stated that configuration is what takes time.

Rich Olsen stated that they expect a March delivery.

Jerry Marroney asked for clarification as to whether the credit card agreement was going to be signed by CI. It looks like the FPR indicated SIPA, but it looks like the contract says CI. Jerry Marroney recommended that this be brought up with Legal Counsel. He doesn't want SIPA to be precluded from getting necessary financial information. He asked if CI would be considered an agency of SIPA.

Chairman Cadman added that he doesn't want to prevent SIPA from getting necessary information either.

Richard Westfall, SIPA Legal Counsel, stated that it would be discussed during Executive Session.

D. SysTest Update, Bob Halsey

November Deliverables

- Final Review of the IABP
- Engagement planning meeting, changed request- received documents.
- PMO/IV&V overview meeting with Don Ravenscroft
- CI/PMO planning meeting – November 29

December Deliverables

- Initial gap analysis – not sure if the January deadline will be met. Sent to Clifton-Gunderson. Still no additional cost – only time extension.
- Received content management task order – will work with Don Ravenscroft.
- Planning Meeting with CI and SysTest- coming up

V. Agenda Items for Next Meeting

- Recommendation for Business Plan
- Discussion regarding account creation
- Approval of for revenue share amount

- Annual Report update

Next meeting is scheduled for:

Thursday, January 5, 2005

1:30 p.m. – 4:00 p.m.

Legislative Services Building

200 E. 14th Ave.

Audit Hearing Room, 1st Floor

Denver, CO

VI. Adjournment

Chairman Cadman called for a motion to adjourn the December 1, 2005 SIPA Board of Directors meeting and enter into executive session for the purpose of discussing attorney/client matters with SIPA Legal Counsel, Richard Westfall.

MOTION: To adjourn the December 1, 2005 SIPA Board of Directors meeting enter into executive session for the purpose of discussing attorney/client matters with SIPA Legal Counsel, Richard Westfall.

Wells/ Marroney

APPROVED UNANIMOUSLY

The meeting was adjourned at 3:25 p.m.

The Board moved into executive session for the purpose of discussing attorney/ client matters with SIPA Legal Counsel, Richard Westfall.